

BENJAMIN J. CAYETANO  
GOVERNOR

DIRECTOR'S OFFICE  
OFFICE OF  
TREASURY  
Nov 5 3 30 PM '99



RAYMOND H. SATO  
COMPTROLLER

MARY PATRICIA WATERHOUSE  
DEPUTY COMPTROLLER

**STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING  
AND GENERAL SERVICES**

P.O. BOX 119  
HONOLULU, HAWAII 96810-0119

NOV 4 1999

COMPTROLLER'S MEMORANDUM NO. 1999-32

TO: All Department Heads

SUBJECT: Early Cancellation of 1999 Claims Encumbrances

All claims encumbrances recorded as of June 30, 1999, will again be cancelled and the related appropriation lapsed, if the encumbrances have not been expended by the close of December 1999. To meet this deadline, all expenditure vouchers containing payments against prior year encumbrances must be received by this department's pre-audit branch on or before December 30, 1999. This early cancellation process is applicable only to operating funds (general, special, federal, revolving and trust) expended by the executive branch unless otherwise provided by law.

We will again automate the cancellation process by determining whether an encumbrance is active or inactive. An encumbrance will be considered active and will be automatically extended if it meets both of the following conditions:

1. Last activity date of the encumbrance is after August 1, 1999.
2. Total payment against the encumbrance is more than 50% of the encumbrance.

As of December 30, 1999, any claims encumbrance not meeting both conditions will be considered inactive and shall be cancelled. The EDN 100 program of the Department of Education is once again exempt because carryover provisions provided under general law conflict with the cancellation requirement.

Encumbrances that are paid by journal vouchers using transaction code 804 will not be automatically extended even if both conditions are met. Departments must therefore request an extension for these encumbrances.

Extension requests may also be submitted for federal and trust fund encumbrances that do not meet both conditions above, but whose conditions of funding prohibit cancellation of the encumbrances. All extension requests must be received by the Comptroller by December 15, 1999.

Should there be any questions, please call Glenn Miyashiro of our Accounting Division at 586-0599.



RAYMOND H. SATO  
State Comptroller